



Department of the Army
US Army Community and Family Support Center
4700 King Street
Alexandria VA 22302-4406

CFSC-FM-C

1 Apr 02

Amended 20 Nov 03 with minor changes including Region replacing MACOM

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Reconciliation of Fixed Assets and Capital Purchase Minor Construction (CPMC) Reporting

1. This is Nonappropriated Fund (NAF) Financial Management Memorandum (FMM) 02-04. Please distribute this memorandum to all Region and Installation Morale, Welfare, and Recreation (MWR) Fund managers, MWR fund division chiefs and Central Accounting Offices (CAOs).
2. The purpose of this memo is to provide guidance on the quarterly reporting and reconciliation of fixed assets.
 - a. Quarterly report is due at U.S. Army Community and Family Support Center (CFSC) Financial Management Office (FM-C) 30 calendar days after the end of each fiscal quarter.
 - b. The report should be prepared by Region financial management division personnel based on CAO schedules and reports, supplemented as necessary.
 - c. The report is prepared on the Excel worksheet provided by CFSC FM-C and is available on the MWR web site, <http://www.armymwr.com>.
3. Explanatory notes on Excel worksheet report:
 - a. Balance Sheet Accounts. The first section of the report includes balance sheet accounts for fixed assets and also includes the other asset account, Local Payments for NAF major construction (NAFMC), general ledger account (GLAC) 196. Post the quarter ending balance for the end of the prior fiscal year (FY) and the end of the quarter being reported for each GLAC shown. The Excel worksheet template will show the net change in each category as well as the total for the year-to-date.
 - b. Local Payments for NAFMC (GLAC 196). The reconciliation template now includes this account per FMM 01-03, dated 24 Sep 01. When posting to the reconciliation template, post the balances in GLAC 196. If change, or part of change, results from transactions made as a voluntary prepayment to the Army, Morale, Welfare, and Recreation Fund (AMWRF), then the

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amount of the advance would be posted on the Advance Payments line in the Execution Information section of the template. If payment is for construction in-progress, then the amount

of the advance would be posted on the Installation Costs for NAFMC line in the Execution Information section.

c. Spending Authority. Per the FY 02 Budget Letter of Instruction, payments for CPMC and NAFMC may not exceed net income before depreciation (NIBD) at the Army-wide level. To accomplish this at the Region level, spending authority may be transferred between Regions. Thus one Region may gain spending authority while another has reduced spending authority. To account for this possibility on the reconciliation form, the line for Spending Authority will be used to increase or decrease the value on the NIBD line. A copy of the transfer action must be furnished to CFSC.

d. Installation costs for NAFMC. Per MWR Board of Director (BOD) revised guidance beginning in FY 02, installation costs for NAFMC are now counted along as part of the CPMC Limitation/Execution standard, i.e., NIBD, adjusted for spending authority, is compared to the CPMC execution and local payments for major construction projects.

e. Capital Leases. The total principal payment part of the capital lease will be considered as a capital expenditure in the first fiscal year the lease is effective. This is the same as the net present value of the total lease and is equivalent to the price of an asset that is purchased.

f. Advance Payments. Per FMM 01-03, dated 24 Sep 01, prepayments made to the AMWRF will be counted as a capital expenditure in the fiscal year the prepayment is made.

g. Minor Construction Self Sufficiency Exemption (SSE), Furniture, Fixtures and Equipment (FF&E), Other Exempt from CPMC/NIBD Limits, RIMP Insurance CPMC Purchases. Collectively these categories are reported in the Total Execution Information in the year-to-date reporting. For purposes of determining the Net CPMC Execution and in reconciling CPMC data to changes in fixed assets, these types of purchases are deducted in arriving at the Net CPMC Budget/ Execution data.

h. Less: Capital Lease Principal Payments (All years other than year 1). The value of capital lease principal payments, other than those made during the first fiscal year of the lease, should be posted here as a subtraction in order to reconcile the Net Change in Fixed Assets. The reason is that in the first FY of the lease, the total asset value of the lease is reflected in the fixed assets while the annual payments, over the term of the lease, are shown as CPMC execution. Entering the value as a subtraction in this block in all years of the capital lease, other than year 1, for the value of the capital lease payments, will allow the net change in both sections of the report to balance.

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i. Adjustments. As mentioned above, in the first year of a capital lease, the items leased are capitalized and thus the change in fixed assets for the current time frame will not equal the value of the payments made. For example, a capital lease of 50 golf carts could result in fixed assets increasing \$125,000 with lease principal payments in the first year of \$30,000. The difference of \$95,000 would be an adjusting item on the Adjustments line in the Reconciliation of Net Change in Fixed Assets section in order to balance the change in fixed assets to the total CPMC execution.

4. Point of contact for this action is Mr. Chris Ryan, (703) 681-7291 or DSN 761-7291.

FOR THE COMMANDER:

//SIGNED//

Encl
Reconciliation Form

JEFFREY R. DALBEY
Chief Financial Management
Officer

DISTRIBUTION:

COMMANDER

U.S. ARMY EUROPE AND SEVENTH ARMY, ATTN: AEAGA-RM-N (Mr. Dykema)
U.S. FORCES COMMAND, ATTN: AFPI-MWR, AFPI-MWC (Mr. Williams/Ms. Wallace)
U.S. ARMY TRAINING AND DOCTRINE COMMAND, ATTN: ATBO-F (Mr. Compton)
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U.S. ARMY TEST AND EVALUATION COMMAND, ATTN: CSTE-PR, (Ms. Chandler)
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U.S. ARMY INTELLIGENCE AND SECURITY COMMAND, ATTN: IAPE-HR-PB (Mrs. Gaddis)

SUPERINTENDENT, U.S. MILITARY ACADEMY, ATTN: MAPA (Ms. Milano)
DIRECTOR, DEFENSE LOGISTICS AGENCY, ATTN: CAAP (Mr. Doyle)
PENTAGON ATHLETIC CENTER, ATTN: JDHQ-P (Ms. Washburn)

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Reporting

NAF FINANCIAL SERVICES (Mr. Covington)